The Common Agricultural Policy (CAP) is Europe’s answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos, promotion for EU farm products which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion with EUR 308.73 billion intended for direct payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).

- covers an area of **20 273 km²** of which around **35 % is agricultural area** while forests cover 56 %.
- has a total population of **roughly 2 million**, of which around **44 %** live in predominantly rural areas.
- has a farming sector characterised by **small farms** (60 % of the more than 72 000 holdings utilise less than 5 ha of agricultural area).
- has **75 %** of its agricultural land with **natural constraints**, while nearly **38 %** of its territory designated as **NATURA 2000** areas.
In the period to 2020, the new CAP will invest around EUR 1.8 billion\(^1\) in Slovenia’s farming sector and rural areas, with additional co-financing from the Slovenian authorities. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. At the same time, Slovenia has flexibility to adapt both Direct Payments and the Rural Development Programme to its specific needs.

**Fairer and greener direct payments**

The new Direct Payments are to be distributed in a fairer way between Member States, and between farmers within the same Member State, putting an end to allocations on the basis of “historical references” prevalent in the EU-15. Given the difficulties of such redistribution, Member States also have more flexibility to take into account specific sectors in particular regions.

A key change in the new CAP is the application of new ‘Greening’ rules, in order to highlight the benefits farmers provide to society as a whole on issues, such as climate change, biodiversity loss and soil quality. Under this system, 30 % of the Direct Payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5 % of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

For the remaining Slovenian Direct Payments, the Basic Payment Scheme (previously called the Single Payment Scheme) will see a gradual convergence in payments per hectare to a national ‘flat rate’ by 2019. The Slovenian authorities have decided to earmark the maximum percentage of 13 % of the Direct Payments envelope for voluntary coupled support (targeting beef and veal, cereals, fruits and vegetables, milk and milk products, protein crops). Slovenia also applies the Small Farmers Scheme, a flat-rate simplified system of support for the smallest beneficiaries, with a maximum of EUR 1 250 per farmer. This scheme reduces the administrative burdens for small farmers, lessens the controls on cross-compliance and exempts them from greening rules.

Other changes introduced in the 2013 CAP reform include stricter rules on active farmers eligible for Direct Payments and a new 25 % aid supplement for young farmers for the first 5 years, in addition to already existing installation grants.

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1 Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).
Supporting key priorities for Slovenia’s rural development

With a total EU contribution of **EUR 838 million** for measures benefiting its rural areas, with EUR 269 million from national funding, the 2014-2020 Rural Development Programme for Slovenia focuses on the following priorities:

- Restoring, preserving and enhancing ecosystems related to agriculture and forestry;
- Enhancing competitiveness of the agri-food sector and sustainable forestry, with particular focus on environment, climate change, innovation, generational renewal and cooperation;
- Facilitating social inclusion and local development in rural areas.

Challenges related to land abandonment and the status of ecosystems with pollution of surface and ground waters and pressure on biodiversity are central to Slovenia.

Promoting Slovenian wines on third country markets

The EU supports wine producers in Slovenia through a national support programme, allocating financial envelopes for a set of measures, including promotion of Slovenian wines.

The purpose of the promotion measure under the Slovenian national support programme is to increase the recognition of Slovenian wines on markets outside the EU. Promotion of wine on those third country markets has to apply to quality or table wine with a geographical indication, produced in the Republic of Slovenia, introduction of the characteristics of wine-growing regions of the Republic of Slovenia, wine varieties, cultivated in the Republic of Slovenia, the connection between this wine and the cuisine, wine architecture or wine tourism. Designation of origin has to be part of the promotion activity.

It is expected that the promotion measure will help to promote wine in the following countries: United States of America, Western Balkans, Russia, China, Japan, Canada and Switzerland. The final objective is to increase the export of Slovenian wine. In recent years (2008-2012) Slovenia exported an average of 5.4 million liters of wine per year worth EUR 8.3 million per year. It is expected that the implementation of the programmes will result in increasing the export by 5%.
Between 2007 and 2013, the CAP invested more than EUR 1.57 billion in Slovenia’s farming sector and rural areas with the objective of stabilising farmers’ income, modernising and increasing the viability of Slovenian farms and their sustainability, as well as securing the supply of safe, affordable and quality food for its citizens.

Slovenian farmers benefit from the CAP

During recent years, Direct Payments have been a key safety net. In 2014 some 56 720 Slovenian farm businesses received around EUR 131 million in Direct Payments, 89.3 % of which received a payment below EUR 5 000. Moreover, the EU supported Slovenian farmers with market measures, mostly the wine sector.

Fostering growth and jobs in Slovenia’s rural areas

In the period from 2007 to 2013, the rural development programme invested EUR 1.171 billion of public funds (EUR 916 million from EU funds) in a wide range of activities supporting agricultural production and forestry, and benefitting Slovenia’s rural areas by preserving their diversity and enhancing their economic strength, natural and cultural richness and social cohesion. The focus of the rural development support has been on improving the:

- competitiveness of the agricultural and forestry sector;
- environment and the rural areas;
- quality of life in the rural areas and the diversification of the rural economy.

In concrete terms, rural development funds have facilitated:

- **competitiveness of agri-food and forestry sectors**: 3 080 supported investments into the modernisation of agricultural holdings;
- **young farmers**: 2 650 young farmers (average age: 33) supported and 64 490 ha of agricultural area transferred to young farmers;
- **climate change and environmental protection**: 360 supported investments into small-scale irrigation systems and 377 390 ha of agricultural area in areas with natural and other specific constraints supported;
- **entrepreneurship in rural areas and job creation**: 790 supported investments into rural businesses (tourism, wood processing, furniture production, manufacture of metal products) and 700 new jobs in rural business;
- **infrastructure in rural areas**: 790 km forest tracks and 60 km forest roads built and 700 new connections for broadband internet.

Example of a Rural Development project supported by the CAP

**Technology investment for market development**

Following business restructuring and market positioning, a Slovenian meat processing company used EAFRD funds to invest in technology for enhancing the quality of production of Prekmurje ham and increasing its production capacities. The business is located in the region of Prekmurje where agriculture and food processing are traditional industries, but which is a region ranked top of the Development Risk Index for the period 2014-2020. As a result of the project boosted with EU funds, the production and sales areas increased from 700 m² to 2300 m². The production quantities increased 1.5 times and the expected annual income planned for five years after completion of the investment has already been achieved in 2.5 years. [More information on this project.](#)

EAFRD contribution: EUR 1 310 402 (Total project value: EUR 3 189 113)
Adding value with Quality schemes

Through the Quality Policy of the CAP, the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1,300 protected food names which are classified as a Protected Designation of Origin (PDO), a Protected Geographical Indication (PGI) or a Traditional Speciality Guaranteed (TSG). The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.

At present, Slovenia has 22 food products registered, of which eight as PDO (such as Kraški med or Tolminc) and 11 as PGI (such as Slovenski med or Priška tünka). Slovenia has also 17 wines registered as PDO.

Responding to new market difficulties

Following the prolongation of the Russian ban on EU agricultural imports and the specific market conditions of the summer 2015, the European Commission adopted in October 2015 a support package worth EUR 500 million to help those farmers affected most by the difficulties. A total budget of EUR 420 million was made available for national envelopes to support especially the dairy and livestock sectors, with flexibility to Member States to decide how to target this support. The remainder was earmarked for other short and medium term measures such as the provision of private storage aid for certain products and to promote the expansion of export markets.

Under this new package, Slovenia was allocated around EUR 1.3 million, which the Slovenian authorities have chosen to allocate to the pig and milk sectors.

In spite of the Russian ban, global EU agri-food exports to third countries have performed well, increasing by EUR 6.8 billion in the first 12 months since the ban, relative to the EUR 5.2 billion drop in trade with Russia compared to the same period of the previous year. Major gains have been achieved in exports to the USA, China, Switzerland and other key Asian markets such as Hong Kong and South Korea.

What do the Slovenians think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, 38 % of Slovenians (compared to 25 % of EU-28) consider that “ensuring the EU’s food self-sufficiency” is a top responsibility of farmers. In addition, 92 % of Slovenians agree that it is important to encourage young people to enter the agricultural sector (5 % not important). The same amounts of Slovenians (92 %) agree that is important to strengthen the farmer’s role in the food supply chain (4 % not important).

The Eurobarometer survey 440 “Europeans, Agriculture and the CAP” can be consulted here.
Slovenian agriculture is characterised by:

- **Rather small farms**: 60.4% of the 72,377 holdings utilise less than 5 ha of agricultural area.

- **Middle aged farmers**: 55.5% of farmers are aged between 45 and 64.

- **Important contribution to economy and employment**: The primary sector accounts for 2.9% of the country’s economy (total GVA) and for 8.4% for total employment. This is higher than the European average in both economic terms (1.6% in EU-28) and for employment (4.7% in EU-28).

**Very diversified production**

- Cereals 7.8%
- Industrial crops 2.0%
- Forage plants 16.4%
- Potatoes 1.7%
- Milk 15.0%
- Vegetables and horticultural products 8.2%
- Fruits 8.2%
- Wine 11.7%
- Eggs 2.8%
- Poultry 8.3%
- Sheep and goats 0.6%
- Cattle 12.0%
- Pigs 4.0%

**Agricultural trade with EU Member States is highly important for Slovenia (2014 data)**

- Exports to EU countries
- Exports to non-EU countries
- Imports from EU countries
- Imports from non-EU countries

**Farmer’s income continues to be more volatile than wages and salaries in other sectors**

Data sources: Eurostat, Correl.